

## Smith Economics Group, Ltd.

A Division of Corporate Financial Group

Economics / Finance / Litigation Support

Stan V. Smith, Ph.D.  
President

July 16, 2010

Mr. Krishnan Chittur  
Chittur & Associates  
286 Madison Ave., Suite 1100  
New York, NY 10017

Re: Russ - DISCOUNTED

Dear Mr. Chittur:

You have asked me to calculate the value of certain losses subsequent to the injury of Judson Russ. These losses are: (1) the loss of payments to Northern Leasing; (2) the loss of time spent and out of pocket expenses; (3) the loss of business profits; (4) the loss of credit expectancy; and (5) the reduction in value of life ("RVL"), also known as loss of enjoyment of life.

Judson Russ is a Caucasian, married male, who was born on [REDACTED] and injured on March 26, 2001, at the age of 41.7 years. Mr. Russ will be 51.2 years old at the estimated trial or settlement date of October 1, 2010, with a remaining life expectancy estimated at 28.0 years. This data is from the National Center for Health Statistics, United States Life Tables, 2006, Vol. 58, No. 21, National Vital Statistics Reports, 2010.

In order to perform this evaluation, I have reviewed the following materials: (1) the Amended Complaint; (2) Mr. Russ's credit account information dated June 1, 2004; (3) Mr. Russ's credit score as of March 28, 2001; (4) numerous court documents and communications between Mr. Russ and Northern Leasing; (5) the interview with Judson Russ on July 14, 2010; and (6) the case information form.

My methodology for estimating the losses, which is explained below, is generally based on past wage growth, interest rates, and consumer prices, as well as studies regarding the value of life. The effective net discount rate using statistically average wage growth rates and statistically average discount rates is 0.40 percent.

My estimate of the nominal wage growth rate is 4.05 percent per year. This growth rate is based on Business Sector, Hourly Compensation growth data from the Major Sector Productivity and Costs Index found at the U.S. Bureau of Labor Statistics website at [www.bls.gov/data/home.htm](http://www.bls.gov/data/home.htm), Series ID: PRS84006103, for the real increase in wages primarily for the last 20 years.

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My estimate of the nominal discount rate is 4.45 percent per year. This discount rate is based on the rate of return on 91-day U.S. Treasury Bills published in the Economic Report of the President for the real return on T-Bills primarily for the last 20 years. This rate is also consistent with historical rates published by Ibbotson Associates, Chicago, in its continuously updated series Stocks, Bonds, Bills and Inflation published by Morningstar, Inc. This series, which acknowledges me as the Originator while a Principal and Managing Director at Ibbotson Associates, is generally regarded by academics in the field of finance as the most widely accepted source of statistics on the rates of return on investment securities. It is relied upon almost exclusively by academic and business economists, insurance companies, banks, institutional investors, CPA's, actuaries, benefit analysts, and economists in courts of law.

My estimate of the inflation rate is 3.00 percent per year based on the Consumer Price Index (CPI-U) published in monthly issues of the U.S. Bureau of Labor Statistics, CPI Detailed Report (Washington, D.C.: U.S. Government Printing Office) and available at the U.S. Bureau of Labor Statistics website at [www.bls.gov/data/home.htm](http://www.bls.gov/data/home.htm), Series ID: CUUR0000SA0, for the increase in prices primarily for the last 20 years.

## I. LOSS OF PAYMENTS MADE TO NORTHERN LEASING

Northern Leasing began to debit monthly payments for four separate contracts from Mr. Russ's bank accounts beginning in April 2001 until he discovered the payments and closed his bank accounts in late 2002. Mr. Russ believes the payments were approximately \$65 per contract per month, in addition to startup and activation fees. He calculated the total amount taken from his accounts by Northern Leasing to be \$9,247.

## II. LOSS OF TIME SPENT AND OUT OF POCKET EXPENSES

Table 1D shows the loss of time spent and out of pocket expenses. Mr. Russ estimates that between 2002 and 2006 he spent at least 5 weeks' worth of time devoted to dealing with Northern Leasing and their lawsuits against him, including compiling voluminous documentation and communications, closing and re-opening bank accounts, attorney communications, trips from Florida to New York for court appearances, etc. Mr. Russ conservatively estimates his out of pocket travel expenses to be \$2,000.

The loss of time spent is illustrated at 40 hours of time spent in each year from 2002 through 2006, and is valued at \$11.63 per hour in year 2002 dollars based on the median wages of the average of Office Clerks and Payroll and Timekeeping Clerks in Florida. Wages in 2003 through 2006 are grown at national

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average wage growth of 5.61 percent in 2003, 3.80 percent in 2004, 3.42 percent in 2005, and 4.40 percent in 2006. This wage data is from the Occupational Employment Statistics and Wages for the State of Florida, wage data as of 2002, found at [www.labormarketinfo.com](http://www.labormarketinfo.com). In addition Mr. Russ's estimate of \$2,000 in out of pocket expenses are added to the loss in 2006.

Based on the above assumptions, my opinion of the loss of time spent and out of pocket expenses is \$4,543 ► Table 1.

### III. LOSS OF BUSINESS PROFITS

Tables 2D through 4D show the loss of business profits. Mr. Russ owns a company called Rapid Cash Advances. The company is licensed to cash checks and act as a bill payment center for local utilities, and also offers payday advances. He opened his first location in 1995 and currently has approximately 22 employees over 10 locations. Mr. Russ mostly oversees the operations of his stores, and his wife Natasha serves as General Manager. He does not draw a salary, but his net business income in 2009 was approximately \$399,000.

Mr. Russ states that he had an opportunity, while he was being sued by Northern Leasing, to purchase three check-cashing locations from a competitor who was looking to sell his business. The landlord would not approve the transactions because of his credit issues, and so the deals fell through. Mr. Russ estimates that his good stores generate approximately \$12,000 per month, while costing approximately \$6,000 per month to operate, making a profit of approximately \$72,000 per year. He believes that two of the three stores he would have taken over would have made at least \$72,000 per year in profit, and as much as \$100,000 per year or more. The third location, Mr. Russ estimates, would only have earned about \$25,000 per year in profit. Mr. Russ believes missing these opportunities was a major setback for his business.

The loss of business opportunity is illustrated to begin on January 1, 2007, allowing for a reasonable time for Mr. Russ to purchase the three additional locations and have them produce at the rate of his other stores. The loss is illustrated at \$169,000 per year in 2010 dollars, based on Mr. Russ's estimate of their combined profitability. The loss is illustrated through Mr. Russ's life expectancy, but it may be necessary to consider a shorter period of loss if it is determined that Mr. Russ is able to recover from the loss of opportunity at an earlier date. Future losses are grown at 3.00 percent.

Based on the above assumptions, my opinion of the loss of business profits is \$4,470,906 ► Table 4D; this figure assumes losses to age 79.2, but any assumed date for cessation of damages

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may be read from Table 4D; for example, the loss over a five-year period is \$816,734, and to age 67 is \$3,031,280.

### IV. LOSS OF CREDIT EXPECTANCY

Table 5D shows the loss of credit expectancy. Before he had been involved with Northern Leasing, Mr. Russ had been told he had good credit and had never had problems securing lines of credit at favorable rates. An Experian printout dated March 28, 2001 lists his credit score at 689. Mr. Russ states that while he was being harassed and sued by Northern Leasing, he had his American Express business line of credit cut from \$60,000 to \$10,000. Additionally, when he attempted to purchase a home in January 2003, he was informed of his credit delinquencies and forced to accept a much worse interest rate. As a result, Mr. Russ used all of the disposable income he could to pay off the mortgage before his adjustable rate was set to change in 2010.

I estimate Mr. Russ's additional credit capacity to be \$325,000 based on his credit report dated June 1, 2004. This standby expectancy has a value similar to the value of a safety net for a trapeze artist, or the value of a term life policy for a person who continues to live a healthy life - the value does not depend upon the actual use. The loss of expectancy is estimated by the costs of using this credit under normal circumstances, approximately 12 percent per year, and the costs of using this credit, if available, at the highest rates charged to those who are viewed as high credit risks, approximately 25 percent. This difference is 13 percent per year and is an estimate of the value of the expectancy loss. Mr. Russ believes that the Northern Leasing delinquencies were expunged from his record following the dismissal of their lawsuits, approximately the beginning of 2007.

The loss is illustrated at 13 percent of \$325,000 in year 2002 dollars from the estimated period of time that Mr. Russ's credit was negatively affected, November 1, 2002 through December 31, 2006.

Based on the above assumptions, my opinion of the loss of credit expectancy is \$187,540 ▶ Table 5D.

### V. REDUCTION IN VALUE OF LIFE

Economists have long agreed that life is valued at more than the lost earnings capacity. My estimate of the value of life is based on many economic studies on what we, as a contemporary society, actually pay to preserve the ability to lead a normal life. The studies examine incremental pay for risky occupations as well as a multitude of data regarding expenditure for life savings by individuals, industry, and state and federal agencies.

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My estimate of the value of life is consistent with estimates published in other studies that examine and review the broad spectrum of economic literature on the value of life. Among these is "The Plausible Range for the Value of Life," Journal of Forensic Economics, Vol. 3, No. 3, Fall 1990, pp. 17-39, by T. R. Miller. This study reviews 67 different estimates of the value of life published by economists in peer-reviewed academic journals. The Miller results, in most instances, show the value of life to range from approximately \$1.6 million to \$2.9 million dollars in year 1988 after-tax dollars, with a mean of approximately \$2.2 million dollars. In "The Value of Life: Estimates with Risks by Occupation and Industry," Economic Inquiry, Vol. 42, No. 1, May 2003, pp. 29-48, Professor W. K. Viscusi estimates the value of life to be approximately \$4.7 million dollars in year 2000 dollars. An early seminal paper on the value of life was written by Richard Thaler and Sherwin Rosen, "The Value of Saving a Life: Evidence from the Labor Market." in N.E. Terlickyj (ed.), Household Production and Consumption. New York: Columbia University Press, 1975, pp. 265-300. The Meta-Analyses Appendix to this report reviews additional literature suggesting a value of life of approximately \$5.4 million in year 2008 dollars.

Because it is generally accepted by economists, the methodology used to estimate the value of life has been found to meet Daubert standards, as well as Frye standards and the Rules of Evidence in various states, by Federal Circuit and Appellate courts, as well as state trial, supreme and appellate courts nationwide. Testimony based on this peer-reviewed methodology has been admitted in over half the states in over 175 trials nationwide. Proof of general acceptance and other standards is found in a discussion of the extensive references to the scientific economic peer-reviewed literature on the value of life listed in the **Value of Life Appendix** to this report.

The underlying, academic, peer-reviewed studies fall into two general groups: (1) consumer behavior and purchases of safety devices; (2) wage risk premiums to workers; in addition, there is a third group of studies consisting of cost-benefit analyses of regulations. For example, one consumer safety study analyzes the costs of smoke detectors and the lifesaving reduction associated with them. One wage premium study examines the differential rates of pay for dangerous occupations with a risk of death on the job. Just as workers receive shift premiums for undesirable work hours, workers also receive a higher rate of pay to accept a increased risk of death on the job. A study of government regulation examines the lifesaving resulting from the installation of smoke stack scrubbers at high-sulphur, coal-burning power plants. As a hypothetical example of the methodology, assume that a safety device such as a carbon monoxide detector costs \$46 and results in lowering a person's risk of premature death by one chance in 100,000. The cost per



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life saved is obtained by dividing \$46 by the one in 100,000 probability, yielding \$4,600,000.

Tables 6D through 11D are based on several factors:

- (1) An assumed impairment rating by the trier-of-fact of 40 percent to 80 percent from June 1, 2002 through January 31, 2007 and thereafter 5 percent to 10 percent reduction in the ability to lead a normal life. The diminished capacity to lead a normal life reflects the impact on career, social and leisure activities, the activities of daily living, and the internal emotional state, as discussed in Berla, Edward P., Michael L. Brookshire and Stan V. Smith, "Hedonic Damages and Personal Injury: A Conceptual Approach," Journal of Forensic Economics, Vol 3, No. 1, Winter 1990, pp. 1-8;
- (2) The central tendency of the range of the economic studies cited above which I estimate to be approximately \$4.2 million in year 2010 dollars; and
- (3) A life expectancy of 79.2 years.

Tables 6D through 8D are based on the lower estimated impairment rating; Tables 9D through 11D are based on the upper estimated impairment rating. Based on these values and life expectancy, my opinion of the reduction in the value of life is estimated at \$417,451 ▶ Table 8D to \$834,902 ▶ Table 11D, averaging \$626,177.

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A trier-of-fact may weigh other factors to determine if these estimated losses for Judson Russ should be adjusted because of special qualities or circumstances that economists do not as yet have a methodology for analysis.

In each set of tables, the last table accumulates the past and future estimated losses. These estimates are provided as an aid, tool and guide for the trier-of-fact.

All opinions expressed in this report are clearly labeled as such. They are rendered in accordance with generally accepted standards within the field of economics and are expressed to a reasonable degree of economic certainty. Estimates, assumptions, illustrations and the use of benchmarks, which are not opinions, but which can be viewed as hypothetical in nature, are also clearly disclosed and identified herein.

In my opinion, it is reasonable for experts in the field of economics and finance to rely on the materials and information I reviewed in this case for the formulation of my substantive opinions herein.

If additional information is provided to me, which could alter my opinions, I may incorporate any such information into an update,

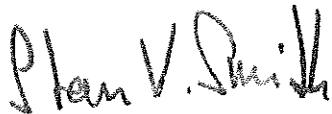
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revision, addendum, or supplement of the opinions expressed in this report.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stan V. Smith". The signature is written in a cursive, slightly slanted style.

Stan V. Smith, Ph.D.  
President

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## APPENDIX: VALUE OF LIFE

The economic methodology for the valuation of life has been found to meet the Daubert and Frye standards by many courts, along with the Rules of Evidence in many states nationwide. My testimony has been accepted in approximately 200 state and federal cases nationwide in approximately two-thirds of the states and two-thirds of the federal jurisdictions. Testimony has been accepted by Federal circuit and Appellate courts as well as in state trial, supreme, and appellate Courts. The Daubert standard sets forth four criteria:

1. Testing of the theory and science
2. Peer Review
3. Known or potential rate of error
4. Generally accepted.

**Testing of the theory and science** has been accomplished over the past four decades, since the 1960s. Dozens of economists of high renown have published over a hundred articles in high quality, peer-reviewed economic journals measuring the value of life. The value of life theories are perhaps among the most well-tested in the field of economics, as evidenced by the enormous body of economic scientific literature that has been published in the field and is discussed below.

**Peer Review** of the concepts and methodology have been extraordinarily extensive. One excellent review of this extensive, peer-reviewed literature can be found in "The Value of Risks to Life and Health," W. K. Viscusi, Journal of Economic Literature, Vol. 31, December 1993, pp. 1912-1946. A second is "The Value of a Statistical Life: A Critical Review of Market Estimates throughout the World." W. K. Viscusi and J. E. Aldy, Journal of Risk and Uncertainty, Vol. 27, No. 1, November 2002, pp. 5-76. Additional theoretical and empirical work by Viscusi, a leading researcher in the field, can be found in: "The Value of Life", W. K. Viscusi, John M. Olin Center for Law, Economics, and Business, Harvard Law School, Discussion Paper No. 517, June 2005. An additional peer-reviewed article discusses the application to forensic economics: "The Plausible Range for the Value of Life," T. R. Miller, Journal of Forensic Economics, Vol. 3, No. 3, Fall 1990, pp. 17-39, which discusses the many dozens of articles published in other peer-reviewed economic journals on this topic. This concept is discussed in detail in "Willingness to Pay Comes of Age: Will the System Survive?" T. R. Miller, Northwestern University Law Review, Summer 1989, pp. 876-907, and "Hedonic Damages in Personal Injury and Wrongful Death



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Litigation," by S. V. Smith in Litigation Economics, pp. 39-59. Kenneth Arrow, a Nobel Laureate in economics, discusses this method for valuing life in "Invaluable Goods," Journal of Economic Literature, Vol. 35, No. 2, 1997, pp. 759. See the Meta-Analyses Appendix for an additional review of the literature.

**The known or potential rate of error** is well researched. All of these articles discuss the known or potential rate of error, well within the acceptable standard in the field of economics, generally using a 95% confidence rate for the statistical testing and acceptance of results. There are few areas in the field of economics where the known or potential rate of error has been as well-accepted and subject to more extensive investigation.

**General Acceptance** of the concepts and methodology on the value of life in the field of economics is extensive. This methodology is and has been generally accepted in the field of economics for many years. Indeed, according to the prestigious and highly-regarded research institute, The Rand Corporation, by 1988, the peer-reviewed scientific methods for estimating the value of life were well-accepted: "Most economists would agree that the willingness-to-pay methodology is the most conceptually appropriate criterion for establishing the value of life," Computing Economic loss in Cases of Wrongful Death, King and Smith, Rand Institute for Civil Justice, R-3549-ICJ, 1988.

While first discussed in cutting edge, peer-reviewed economic journals, additional proof of general acceptance is now indicated by the fact that this methodology is now taught in standard economics courses at the undergraduate and graduate level throughout hundreds of colleges and universities nationwide as well as the fact that it is taught and discussed in widely-accepted textbooks in the field of law and economics: Economics, Sixth Edition, David C. Colander, McGraw-Hill Irwin, Boston, 2006, pp. 463-465; this introductory economics textbook is the third most widely used textbook in college courses nationwide. Hamermesh and Rees's The Economics of Work and Pay, Harper-Collins, 1993, Chapter 13, a standard advanced textbook in labor economics, also discusses the methodology for valuing life. Other textbooks discuss this topic as well. Richard Posner, a Justice and former Chief Justice of the U.S. Court of Appeals for the highly regarded 7th Circuit and Senior Lecturer at the University of Chicago Law School, one of most prolific legal writers in America, details the Value of Life approach in his widely used textbooks: Economic Analysis of Law, 1986, Little Brown & Co., pp. 182-185 and Tort Law, 1982, Little Brown & Co., pp. 120-126.

As further evidence of general acceptance in the field, some surveys published in the field of forensic economics show that hundreds of economics nationwide are now familiar with this

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methodology and are available to prepare (and critique) forensic economic value of life estimates. Indeed, some economists who indicate they will prepare such analysis for plaintiffs also are willing to critique such analysis for defendants, as I have often done. That an economist is willing to critique a report does not indicate that he or she is opposed to the concept or the methodology, but merely available to assure that the plaintiff economist has employed proper techniques. The fact that there are economists who indicate they do not prepare estimates of value of life is again no indication that they oppose the methodology: many claim they are not familiar with the literature and untrained in this area. While some CPAs and others without a degree in economics have opposed these methods, such professionals do not have the requisite academic training and are unqualified to make such judgements. However, as in any field of economics, this area is not without any dissent. General acceptance does not mean universal acceptance.

Additional evidence of general acceptance in the field is found in the teaching of the concepts regarding the value of life. Forensic Economics is now taught as a special field in a number of institutions nationwide. I taught what is believed to be the first course ever presented in the field of Forensic Economics at DePaul University in Spring, 1990. My own book, Economic/Hedonic Damages, Anderson, 1990, and supplemental updates thereto, co-authored with Dr. Michael Brookshire, a Professor of Economics in West Virginia, has been used as a textbook in at least 5 colleges and universities nationwide in such courses in economics, and has a thorough discussion of the methodology. Toppino et. al., in "Forensic Economics in the Classroom," published in The Earnings Analyst, Journal of the American Rehabilitation Economics Association, Vol. 4, 2001, pp. 53-86, indicate that hedonic damages is one of 15 major topic areas taught in such courses.

Lastly, general acceptance is found by examining publications in the primary journal in the field of Forensic Economics, which is the peer-reviewed Journal of Forensic Economics, where there have been published many articles on the value of life. Some are cited above. Others include: "The Econometric Basis for Estimates of the Value of Life," W. K. Viscusi, Vol 3, No. 3, Fall 1990, pp. 61-70; "Hedonic Damages in the Courtroom Setting." S. V. Smith, Vol. 3, No. 3, Fall 1990, pp. 41-49; "Issues Affecting the Calculated Value of Life," E. P. Berla, M. L. Brookshire and S. V. Smith, Vol 3, No. 1, 1990, pp. 1-8; "Hedonic Damages and Personal Injury: A Conceptual Approach." G. R. Albrecht, Vol. 5., No. 2, Spring/Summer 1992, pp. 97-104; "The Application of the Hedonic Damages Concept to Wrongful and Personal Injury Litigation." G. R. Albrecht, Vol. 7, No. 2, Spring/Summer 1994, pp. 143-150; and also "A Review of the Monte Carlo Evidence Concerning Hedonic Value of Life Estimates," R. F. Gilbert, Vol. 8, No. 2, Spring/Summer 1995, pp. 125-130.

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It is important to note that this methodology is endorsed and employed by the U. S. Government as the standard and recommended approach for use by all U. S. Agencies in valuing life for policy purposes, as mandated in current and past Presidential Executive Orders in effect since 1972, and as discussed in "Report to Congress on the Costs and Benefits of Federal Regulations," Office of Management and Budget, 1998, and "Economic Analysis of Federal Regulations Under Executive Order 12866," Executive Office of the President, Office of Management and Budget, pp. 1-37, and "Report to the President on Executive Order No. 12866," Regulatory Planning and Review, May 1, 1994, Office of Information and Regulatory Affairs, Office of Management and Budget. Prior presidents signed similar orders as discussed in "Federal Agency Valuations of Human life," Administrative Conference of the United States, Report for Recommendation 88-7, December 1988, pp. 368-408. 926

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## APPENDIX: META-ANALYSES AND VALUE OF LIFE RESULTS SINCE 2000

Below I list the principal systematic reviews (meta-analyses), since the year 2000, of the value of life literature, and the values of a statistical life that they recommend. In statistics, a meta-analysis combines the results of several studies that address a set of related research hypotheses. Meta-analysis increase the statistical power of studies by analyzing a group of studies and provide a more powerful and accurate data analysis than would result from analyzing each study alone. Based on those reviews, the Summary Table suggests a best estimate. The following table summarizes the studies and their findings.

These statistically based studies place the value between \$4.4 and \$7.5 million, with \$5.9 million representing a conservative yet credible estimate of the average (and range midpoint) of the values of a statistical life published in the studies in year 2005 dollars. Net of human capital, a credible net value of life based on all these literature reviews to be \$4.8 million in year 2005 dollars, or \$5.4 million in year 2008 dollars.

The actual value that I use, \$4.1 million is approximately 24 percent lower than a conservative average estimate based on the credible meta-analyses. This value was originally based on a review conducted in the late 1980s, averaging the results published by that time. I have increased that late 1980s value only by inflation over time, despite the fact a review of literature over the years since that time has put obvious upward pressure on the figure that I use.

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Summary Table: Mean and range of value of statistical life estimates (in 2005 dollars) from the best meta-analyses and systematic reviews and characteristics of those reviews.

Study	Formal Meta-Analysis?	Number of Values	Best Estimate (2005 Dollars)	Range	Context
Miller 2000	Yes	68 estimates	\$5.1M	\$4.5-\$6.2M	US estimate from all
Mrozek & Taylor 2002	Yes	203 estimates, from 33 studies	\$4.4M	+ or - 35%	Labor market
Viscusi & Aldy 2003	Yes	49 estimates (reviewed more than 60 studies, but some lacked desired variables)	\$6.5M	\$5.1-\$9.6M	Labor market, US estimate from all
Kochi et al. 2006	Yes	234 estimates from 40 studies	\$6.0M	+ or - 44%	Labor market, survey
Bellavance 2006	Yes	37 estimates from 34 studies (rejected 15 others that lacked desired data or were flawed)	\$7.0M	+ or - 19%	Labor market



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Miller (2000) started from the Miller 1989 JFE estimates and used statistical methods to adjust for differences between studies. It also added newer studies, primarily ones outside the United States. The authors specified the most appropriate study approach a priori, which allowed calculation of a best estimate from the statistical regression.

Mrozek and Taylor (2002) searched intensively for studies of the value of life implied by wages paid for risky jobs. They coded all values from each study rather than a most appropriate estimate. A statistical analysis identified what factors accounted for the differences in values between studies. The authors specified the most appropriate study approach a priori, which allowed calculation of a best estimate from the statistical regression.

Viscusi and Aldy (2003) focused on values from labor market studies that they considered of high quality and that provided data on risk levels and other important explanatory variables. They used statistical methods to account for variations between studies and derive a best estimate.

Kochi et al. (2006) searched intensively for studies of the value of life implied by wages and coded all values from each study rather than a most appropriate estimate. They did not filter study quality carefully. The best estimate was derived by statistical methods based on the distribution of the values within and across studies.

Bellavance et al. (2006) focused on values from labor market studies that they considered of high quality and that provided data on risk levels and other important explanatory variables. They used statistical methods to account for variations between studies and derive a best estimate. 926

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## SUMMARY OF LOSSES FOR JUDSON RUSS

TABLE	DESCRIPTION	ESTIMATE
*****	*****	*****
	<u>EARNINGS</u>	
	LOSS OF PAYMENT TO NORTHERN LEASING	\$ 9,247
1D	LOSS OF TIME AND EXPENSES	\$ 4,543
	LOSS OF BUSINESS PROFITS	
4D	Loss for 5 years	\$ 816,734
4D	Loss through age 67	\$3,031,280
5D	LOSS OF CREDIT EXPECTANCY	\$ 187,540
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	<u>LOSS OF ENJOYMENT OF LIFE</u>	
	REDUCTION IN VALUE OF LIFE	
8D	Lower impairment rating	\$ 417,451
11D	Upper impairment rating	\$ 834,902

The information on this Summary of Losses is intended to summarize losses under certain given assumptions. Please refer to the report and the tables for all the opinions.

LOSS OF TIME SPENT AND OUT OF POCKET EXPENSES  
2002 - 2006

YEAR	AGE	WAGES	CUMULATE
****	***	*****	*****
2002	43	\$465	\$465
2003	44	491	956
2004	45	510	1,466
2005	46	527	1,993
2006	47	2,550	\$4,543

JUDSON RUSS \$4,543

LOSS OF PAST BUSINESS PROFITS  
2007 - 2010

YEAR	AGE	WAGES	CUMULATE
****	***	*****	*****
2007	48	\$159,589	\$159,589
2008	49	159,733	319,322
2009	50	164,078	483,400
2010	51	126,403	\$609,803

JUDSON RUSS \$609,803

Table 30  
PRESENT VALUE OF FUTURE BUSINESS PROFITS  
2010 - 2038

YEAR	AGE	WAGES	DISCOUNT FACTOR	PRESENT VALUE	CUMULATE
****	***	*****	*****	*****	*****
2010	51	\$42,597	0.98891	\$42,125	\$42,125
2011	52	174,070	0.94678	164,806	206,931
2012	53	179,292	0.90644	162,517	369,448
2013	54	184,671	0.86782	160,261	529,709
2014	55	190,211	0.83085	158,037	687,746
2015	56	195,917	0.79545	155,842	843,588
2016	57	201,795	0.76156	153,679	997,267
2017	58	207,849	0.72912	151,547	1,148,814
2018	59	214,084	0.69805	149,441	1,298,255
2019	60	220,507	0.66831	147,367	1,445,622
2020	61	227,122	0.63984	145,322	1,590,944
2021	62	233,936	0.61258	143,305	1,734,249
2022	63	240,954	0.58648	141,315	1,875,564
2023	64	248,183	0.56150	139,355	2,014,919
2024	65	255,628	0.53757	137,418	2,152,337
2025	66	263,297	0.51467	135,511	2,287,848
2026	67	271,196	0.49274	133,629	2,421,477
2027	68	279,332	0.47175	131,775	2,553,252
2028	69	287,712	0.45165	129,945	2,683,197
2029	70	296,343	0.43241	128,142	2,811,339
2030	71	305,233	0.41399	126,363	2,937,702
2031	72	314,390	0.39635	124,608	3,062,310
2032	73	323,822	0.37946	122,877	3,185,187
2033	74	333,537	0.36330	121,174	3,306,361
2034	75	343,543	0.34782	119,491	3,425,852
2035	76	353,849	0.33300	117,832	3,543,684
2036	77	364,464	0.31881	116,195	3,659,879
2037	78	375,398	0.30523	114,583	3,774,462
2038	79	293,438	0.29526	86,641	\$3,861,103
JUDSON RUSS				\$3,861,103	



Table 40  
 PRESENT VALUE OF NET LOSS OF BUSINESS PROFITS  
 2007 - 2038

YEAR	AGE	WAGES	CUMULATE
****	***	*****	*****
2007	48	\$159,589	\$159,589
2008	49	159,733	319,322
2009	50	164,078	483,400
2010	51	168,528	651,928
2011	52	164,806	816,734
2012	53	162,517	979,251
2013	54	160,261	1,139,512
2014	55	158,037	1,297,549
2015	56	155,842	1,453,391
2016	57	153,679	1,607,070
2017	58	151,547	1,758,617
2018	59	149,441	1,908,058
2019	60	147,367	2,055,425
2020	61	145,322	2,200,747
2021	62	143,305	2,344,052
2022	63	141,315	2,485,367
2023	64	139,355	2,624,722
2024	65	137,418	2,762,140
2025	66	135,511	2,897,651
2026	67	133,629	3,031,280
2027	68	131,775	3,163,055
2028	69	129,945	3,293,000
2029	70	128,142	3,421,142
2030	71	126,363	3,547,505
2031	72	124,608	3,672,113
2032	73	122,877	3,794,990
2033	74	121,174	3,916,164
2034	75	119,491	4,035,655
2035	76	117,832	4,153,487
2036	77	116,195	4,269,682
2037	78	114,583	4,384,265
2038	79	86,641	\$4,470,906

JUDSON RUSS \$4,470,906

Table 5D  
LOSS OF CREDIT EXPECTANCY  
2002 - 2006

YEAR	AGE	WAGES	CUMULATE
****	***	*****	*****
2002	43	\$6,945	\$6,945
2003	44	43,044	49,989
2004	45	44,448	94,437
2005	46	45,968	140,405
2006	47	47,135	\$187,540
JUDSON RUSS		\$187,540	

Table 60  
 LOSS OF PAST RVL TO JUDSON - LOWER  
 2002 - 2010

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2002	43	\$24,508	\$24,508
2003	44	42,788	67,296
2004	45	44,182	111,478
2005	46	45,694	157,172
2006	47	46,854	204,026
2007	48	48,766	252,792
2008	49	6,101	258,893
2009	50	6,267	265,160
2010	51	4,828	\$269,988
JUDSON RUSS		\$269,988	

Table 7D  
PRESENT VALUE OF FUTURE RVL TO JUDSON - LOWER  
2010 - 2038

YEAR	AGE	RVL	DISCOUNT FACTOR	PRESENT VALUE	CUMULATE
****	***	*****	*****	*****	*****
2010	51	\$1,627	0.98891	\$1,609	\$1,609
2011	52	6,649	0.94678	6,295	7,904
2012	53	6,848	0.90644	6,207	14,111
2013	54	7,053	0.86782	6,121	20,232
2014	55	7,265	0.83085	6,036	26,268
2015	56	7,483	0.79545	5,952	32,220
2016	57	7,707	0.76156	5,869	38,089
2017	58	7,938	0.72912	5,788	43,877
2018	59	8,176	0.69805	5,707	49,584
2019	60	8,421	0.66831	5,628	55,212
2020	61	8,674	0.63984	5,550	60,762
2021	62	8,934	0.61258	5,473	66,235
2022	63	9,202	0.58648	5,397	71,632
2023	64	9,478	0.56150	5,322	76,954
2024	65	9,762	0.53757	5,248	82,202
2025	66	10,055	0.51467	5,175	87,377
2026	67	10,357	0.49274	5,103	92,480
2027	68	10,668	0.47175	5,033	97,513
2028	69	10,988	0.45165	4,963	102,476
2029	70	11,318	0.43241	4,894	107,370
2030	71	11,658	0.41399	4,826	112,196
2031	72	12,008	0.39635	4,759	116,955
2032	73	12,368	0.37946	4,693	121,648
2033	74	12,739	0.36330	4,628	126,276
2034	75	13,121	0.34782	4,564	130,840
2035	76	13,515	0.33300	4,500	135,340
2036	77	13,920	0.31881	4,438	139,778
2037	78	14,338	0.30523	4,376	144,154
2038	79	11,208	0.29526	3,309	\$147,463

JUDSON RUSS

\$147,463

Table 8D  
 PRESENT VALUE OF NET RVL TO JUDSON - LOWER  
 2002 - 2038

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2002	43	\$24,508	\$24,508
2003	44	42,788	67,296
2004	45	44,182	111,478
2005	46	45,694	157,172
2006	47	46,854	204,026
2007	48	48,766	252,792
2008	49	6,101	258,893
2009	50	6,267	265,160
2010	51	6,437	271,597
2011	52	6,295	277,892
2012	53	6,207	284,099
2013	54	6,121	290,220
2014	55	6,036	296,256
2015	56	5,952	302,208
2016	57	5,869	308,077
2017	58	5,788	313,865
2018	59	5,707	319,572
2019	60	5,628	325,200
2020	61	5,550	330,750
2021	62	5,473	336,223
2022	63	5,397	341,620
2023	64	5,322	346,942
2024	65	5,248	352,190
2025	66	5,175	357,365
2026	67	5,103	362,468
2027	68	5,033	367,501
2028	69	4,963	372,464
2029	70	4,894	377,358
2030	71	4,826	382,184
2031	72	4,759	386,943
2032	73	4,693	391,636
2033	74	4,628	396,264
2034	75	4,564	400,828
2035	76	4,500	405,328
2036	77	4,438	409,766
2037	78	4,376	414,142
2038	79	3,309	\$417,451

JUDSON RUSS \$417,451



Table AD  
 LOSS OF PAST RVL TO JUDSON - UPPER  
 2002 - 2010

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2002	43	\$49,017	\$49,017
2003	44	85,575	134,592
2004	45	88,365	222,957
2005	46	91,387	314,344
2006	47	93,708	408,052
2007	48	97,532	505,584
2008	49	12,202	517,786
2009	50	12,534	530,320
2010	51	9,656	\$539,976

JUDSON RUSS \$539,976

PRESENT VALUE OF FUTURE RVL TO JUDSON - UPPER  
2010 - 2038

YEAR	AGE	RVL	DISCOUNT FACTOR	PRESENT VALUE	CUMULATE
****	***	*****	*****	*****	*****
2010	51	\$3,254	0.98891	\$3,218	\$3,218
2011	52	13,297	0.94678	12,589	15,807
2012	53	13,696	0.90644	12,415	28,222
2013	54	14,107	0.86782	12,242	40,464
2014	55	14,530	0.83085	12,072	52,536
2015	56	14,966	0.79545	11,905	64,441
2016	57	15,415	0.76156	11,739	76,180
2017	58	15,877	0.72912	11,576	87,756
2018	59	16,353	0.69805	11,415	99,171
2019	60	16,844	0.66831	11,257	110,428
2020	61	17,349	0.63984	11,101	121,529
2021	62	17,869	0.61258	10,946	132,475
2022	63	18,405	0.58648	10,794	143,269
2023	64	18,957	0.56150	10,644	153,913
2024	65	19,526	0.53757	10,497	164,410
2025	66	20,112	0.51467	10,351	174,761
2026	67	20,715	0.49274	10,207	184,968
2027	68	21,336	0.47175	10,065	195,033
2028	69	21,976	0.45165	9,925	204,958
2029	70	22,635	0.43241	9,788	214,746
2030	71	23,314	0.41399	9,652	224,398
2031	72	24,013	0.39635	9,518	233,916
2032	73	24,733	0.37946	9,385	243,301
2033	74	25,475	0.36330	9,255	252,556
2034	75	26,239	0.34782	9,126	261,682
2035	76	27,026	0.33300	9,000	270,682
2036	77	27,837	0.31881	8,875	279,557
2037	78	28,672	0.30523	8,752	288,309
2038	79	22,412	0.29526	6,617	\$294,926

JUDSON RUSS

\$294,926

Table 11D  
PRESENT VALUE OF NET RVL TO JUDSON - UPPER  
2002 - 2038

YEAR	AGE	RVL	CUMULATE
****	***	*****	*****
2002	43	\$49,017	\$49,017
2003	44	85,575	134,592
2004	45	88,365	222,957
2005	46	91,387	314,344
2006	47	93,708	408,052
2007	48	97,532	505,584
2008	49	12,202	517,786
2009	50	12,534	530,320
2010	51	12,874	543,194
2011	52	12,589	555,783
2012	53	12,415	568,198
2013	54	12,242	580,440
2014	55	12,072	592,512
2015	56	11,905	604,417
2016	57	11,739	616,156
2017	58	11,576	627,732
2018	59	11,415	639,147
2019	60	11,257	650,404
2020	61	11,101	661,505
2021	62	10,946	672,451
2022	63	10,794	683,245
2023	64	10,644	693,889
2024	65	10,497	704,386
2025	66	10,351	714,737
2026	67	10,207	724,944
2027	68	10,065	735,009
2028	69	9,925	744,934
2029	70	9,788	754,722
2030	71	9,652	764,374
2031	72	9,518	773,892
2032	73	9,385	783,277
2033	74	9,255	792,532
2034	75	9,126	801,658
2035	76	9,000	810,658
2036	77	8,875	819,533
2037	78	8,752	828,285
2038	79	6,617	\$834,902

JUDSON RUSS \$834,902

July 16, 2010

WORK NOTES - DISCOUNTED (SRU/BAE)

BASIC FACTS: CREDIT DAMAGE CASE OF 41 YR-OLD MALE WHOSE SIGNATURE WAS FORGED TO ENTER INTO FRAUDULENT CONTRACTS, RESULTING IN CREDIT DAMAGE, LOSS OF TIME, OUT OF POCKET EXPENSES, LOSS OF BUSINESS PROFITS, ETC.

CONTROL INFO

NAME: JUDSON RUSS

GENDER: MALE

RACE: CAUCASIAN

DOB: [REDACTED]

DOI: MARCH 26, 2001

DOL: JUNE 1, 2002 (LOSS OF TIME, RVL); NOVEMBER 1, 2002 (CREDIT EXPECTANCY); JANUARY 1, 2007 (BUSINESS PROFITS)

DOT: OCTOBER 1, 2010

AGE AT DOI: 41.7

AGE AS OF DOT: 51.2

RLE AS OF DOT: 28.0

LE AS OF DOT: 79.2

GROWTH RATE: 4.05% NOMINAL

DISCOUNT RATE: 4.45% NOMINAL

FAMILY BACKGROUND

MARITAL STATUS: MARRIED

FAMILY MEMBERS: [REDACTED] RUSS-WIFE;

[REDACTED] RUSS-DAUGHTER;

[REDACTED] RUSS-DAUGHTER;

[REDACTED] RUSS-DAUGHTER;

LOSS OF PAYMENTS MADE TO NORTHERN LEASING

NORTHERN LEASING BEGAN TO DEBIT MONTHLY PAYMENTS FOR FOUR SEPARATE CONTRACTS FROM MR. RUSS'S BANK ACCOUNTS BEGINNING IN APRIL 2001 UNTIL HE DISCOVERED THE PAYMENTS AND CLOSED HIS BANK ACCOUNTS IN LATE 2002. MR. RUSS BELIEVES THE PAYMENTS WERE APPROXIMATELY \$65 PER CONTRACT PER MONTH, IN ADDITION TO STARTUP AND ACTIVATION FEES. HE CALCULATED THE TOTAL AMOUNT TAKEN FROM HIS ACCOUNTS BY NORTHERN LEASING TO BE \$9,247.

LOSS OF PAYMENTS

= 9247

LOSS OF TIME SPENT AND OUT OF POCKET EXPENSES

MR. RUSS ESTIMATES THAT BETWEEN 2002 AND 2006 HE SPENT AT LEAST 5 WEEKS' WORTH OF TIME DEVOTED TO DEALING WITH NORTHERN LEASING AND THEIR LAWSUITS AGAINST HIM, INCLUDING COMPILING VOLUMINOUS DOCUMENTATION AND COMMUNICATIONS, CLOSING AND RE-OPENING BANK

ACCOUNTS, ATTORNEY COMMUNICATIONS, TRIPS FROM FLORIDA TO NEW YORK FOR COURT APPEARANCES, ETC. MR. RUSS CONSERVATIVELY ESTIMATES HIS OUT OF POCKET TRAVEL EXPENSES TO BE \$2,000.

THE LOSS OF TIME SPENT IS ILLUSTRATED AT 40 HOURS OF TIME SPENT IN EACH YEAR FROM 2002 THROUGH 2006, AND IS VALUED AT \$11.63 PER HOUR IN YEAR 2002 DOLLARS BASED ON THE MEDIAN WAGES OF THE AVERAGE OF OFFICE CLERKS AND PAYROLL AND TIMEKEEPING CLERKS IN FLORIDA. WAGES IN 2003 THROUGH 2006 ARE GROWN AT NATIONAL AVERAGE WAGE GROWTH OF 5.61 PERCENT IN 2003, 3.80 PERCENT IN 2004, 3.42 PERCENT IN 2005, AND 4.40 PERCENT IN 2006. THIS WAGE DATA IS FROM THE OCCUPATIONAL EMPLOYMENT STATISTICS AND WAGES FOR THE STATE OF FLORIDA, WAGE DATA AS OF 2002, FOUND AT WWW.LABORMARKETINFO.COM. IN ADDITION MR. RUSS'S ESTIMATE OF \$2,000 IN OUT OF POCKET EXPENSES ARE ADDED TO THE LOSS IN 2006.

#### LOSS ESTIMATE

2002 = [9.97 (02 MEDIAN OFFICE CLERK) + 13.29 (02 MEDIAN PAYROLL AND TIMEKEEPING CLERK)] / 2 = 11.63 \* 40HRS = 465  
 2003 = 465 \* 5.61% (03 GRW) = 491  
 2004 = 491 \* 3.80% (04 GRW) = 510  
 2005 = 510 \* 3.42% (05 GRW) = 527  
 2006 = 527 \* 4.40% (06 GRW) = 550 + 2000 (TRAVEL EXPENSES) = 2550

#### LOSS OF BUSINESS OPPORTUNITY

MR. RUSS OWNS A COMPANY CALLED RAPID CASH ADVANCES. THE COMPANY IS LICENSED TO CASH CHECKS AND ACT AS A BILL PAYMENT CENTER FOR LOCAL UTILITIES, AND ALSO OFFERS PAYDAY ADVANCES. HE OPENED HIS FIRST LOCATION IN 1995 AND CURRENTLY HAS APPROXIMATELY 22 EMPLOYEES OVER 10 LOCATIONS. MR. RUSS MOSTLY OVERSEES THE OPERATIONS OF HIS STORES, AND HIS WIFE [REDACTED] SERVES AS GENERAL MANAGER. HE DOES NOT DRAW A SALARY, BUT HIS NET BUSINESS INCOME IN 2009 WAS APPROXIMATELY \$399,000.

MR. RUSS STATES THAT HE HAD AN OPPORTUNITY, WHILE HE WAS BEING SUED BY NORTHERN LEASING, TO PURCHASE THREE CHECK-CASHING LOCATIONS FROM A COMPETITOR WHO WAS LOOKING TO SELL HIS BUSINESS. THE LANDLORD WOULD NOT APPROVE THE TRANSACTIONS BECAUSE OF HIS CREDIT ISSUES, AND SO THE DEALS FELL THROUGH. MR. RUSS ESTIMATES THAT HIS GOOD STORES GENERATE APPROXIMATELY \$12,000 PER MONTH, WHILE COSTING APPROXIMATELY \$6,000 PER MONTH TO OPERATE, MAKING A PROFIT OF APPROXIMATELY \$72,000 PER YEAR. HE BELIEVES THAT TWO OF THE THREE STORES HE WOULD HAVE TAKEN OVER WOULD HAVE MADE AT LEAST \$72,000 PER YEAR IN PROFIT, AND AS MUCH AS \$100,000 PER YEAR OR MORE. THE THIRD LOCATION, MR. RUSS ESTIMATES, WOULD ONLY HAVE EARNED ABOUT \$25,000 PER YEAR IN PROFIT. MR. RUSS BELIEVES MISSING THESE OPPORTUNITIES WAS A MAJOR SETBACK FOR HIS BUSINESS.

THE LOSS OF BUSINESS OPPORTUNITY IS ILLUSTRATED TO BEGIN ON JANUARY 1, 2007, ALLOWING FOR A REASONABLE TIME FOR MR. RUSS TO PURCHASE THE THREE ADDITIONAL LOCATIONS AND HAVE THEM PRODUCE AT THE RATE OF HIS OTHER STORES. THE LOSS IS ILLUSTRATED AT



\$169,000 PER YEAR IN 2010 DOLLARS, BASED ON MR. RUSS'S ESTIMATE OF THEIR COMBINED PROFITABILITY. THE LOSS IS ILLUSTRATED THROUGH MR. RUSS'S LIFE EXPECTANCY, BUT IT MAY BE NECESSARY TO CONSIDER A SHORTER PERIOD OF LOSS IF IT IS DETERMINED THAT MR. RUSS IS ABLE TO RECOVER FROM THE LOSS OF OPPORTUNITY AT AN EARLIER DATE. FUTURE LOSSES ARE GROWN AT 3.00 PERCENT.

#### OPPORTUNITY LOSS

2007 = 159733 / 0.09% (08 INFL) = 159589  
 2008 = 164078 / 2.72% (09 INFL) = 159733  
 2009 = 169000 (10 BASE) / 3.00E% (EST. 10 INFL) = 164078  
 2010 = 72000 (EST. ANNUAL PROFIT FOR FIRST STORE) + 72000 (EST. ANNUAL PROFIT FOR SECOND STORE) + 25000 (EST. ANNUAL PROFIT FOR THIRD STORE) = 169000 THRU LE AT 3.00%

#### CREDIT EXPECTANCY

BEFORE HE HAD BEEN INVOLVED WITH NORTHERN LEASING, MR. RUSS HAD BEEN TOLD HE HAD GOOD CREDIT AND HAD NEVER HAD PROBLEMS SECURING LINES OF CREDIT AT FAVORABLE RATES. AN EXPERIAN PRINTOUT DATED MARCH 28, 2001 LISTS HIS CREDIT SCORE AT 689. MR. RUSS STATES THAT WHILE HE WAS BEING HARASSED AND SUED BY NORTHERN LEASING, HE HAD HIS AMERICAN EXPRESS BUSINESS LINE OF CREDIT CUT FROM \$60,000 TO \$10,000. ADDITIONALLY, WHEN HE ATTEMPTED TO PURCHASE A HOME IN JANUARY 2003, HE WAS INFORMED OF HIS CREDIT DELINQUENCIES AND FORCED TO ACCEPT A MUCH WORSE INTEREST RATE. AS A RESULT, MR. RUSS USED ALL OF THE DISPOSABLE INCOME HE COULD TO PAY OFF THE MORTGAGE BEFORE HIS ADJUSTABLE RATE WAS SET TO CHANGE IN 2010.

I ESTIMATE MR, RUSS'S ADDITIONAL CREDIT CAPACITY TO BE \$325,000 BASED ON HIS CREDIT REPORT DATED JUNE 1, 2004. THIS STANDBY EXPECTANCY HAS A VALUE SIMILAR TO THE VALUE OF A SAFETY NET FOR A TRAPEZE ARTIST, OR THE VALUE OF A TERM LIFE POLICY FOR A PERSON WHO CONTINUES TO LIVE A HEALTHY LIFE - THE VALUE DOES NOT DEPEND UPON THE ACTUAL USE. THE LOSS OF EXPECTANCY IS ESTIMATED BY THE COSTS OF USING THIS CREDIT UNDER NORMAL CIRCUMSTANCES, APPROXIMATELY 12 PERCENT PER YEAR, AND THE COSTS OF USING THIS CREDIT, IF AVAILABLE, AT THE HIGHEST RATES CHARGED TO THOSE WHO ARE VIEWED AS HIGH CREDIT RISKS, APPROXIMATELY 25 PERCENT. THIS DIFFERENCE IS 13 PERCENT PER YEAR AND IS AN ESTIMATE OF THE VALUE OF THE EXPECTANCY LOSS. MR. RUSS BELIEVES THAT THE NORTHERN LEASING DELINQUENCIES WERE EXPUNGED FROM HIS RECORD FOLLOWING THE DISMISSAL OF THEIR LAWSUITS, APPROXIMATELY THE BEGINNING OF 2007.

THE LOSS IS ILLUSTRATED AT 13 PERCENT OF \$325,000 IN YEAR 2002 DOLLARS FROM THE ESTIMATED PERIOD OF TIME THAT MR. RUSS'S CREDIT WAS NEGATIVELY AFFECTED, NOVEMBER 1, 2002 THROUGH DECEMBER 31, 2006.

**LOSS OF CREDIT EXPECTANCY**

2002 =  $325000 * 13\% = 42250 / 365\text{DAYS} * 60\text{DAYS} = 6945$   
 2003 =  $42250 * 1.88\% (03 \text{ INFL}) = 43044$   
 2004 =  $43044 * 3.26\% (04 \text{ INFL}) = 44448$   
 2005 =  $44448 * 3.42\% (05 \text{ INFL}) = 45968$   
 2006 =  $45968 * 2.54\% (06 \text{ INFL}) = 47135$

**REDUCTION IN VALUE OF LIFE ("RVL")**

I ILLUSTRATE THE RANGE TO BEGIN ON JUNE 1, 2002 AT BETWEEN 40% AND 80% FROM JUNE 2002 THROUGH 2007 AND BETWEEN 5% AND 10% THEREAFTER. SEE INTERVIEW NOTES FOR DETAILS. LOSS CONFIRMED IN INTERVIEW.

**LOWER**

2002 =  $106969 / 1.88\% \text{ INFLATION} = 104995 * 40\% = 41998 / 365\text{DAYS} * 213\text{DAYS} = 24508$   
 2003 =  $110456 / 3.26\% \text{ INFLATION} = 106969 * 40\% = 42788$   
 2004 =  $114234 / 3.42\% \text{ INFLATION} = 110456 * 40\% = 44182$   
 2005 =  $117135 / 2.54\% \text{ INFLATION} = 114234 * 40\% = 45694$   
 2006 =  $121915 / 4.08\% \text{ INFLATION} = 117135 * 40\% = 46854$   
 2007 =  $122024 / 0.09\% \text{ INFLATION} = 121915 * 40\% = 48766$   
 2008 =  $125343 / 2.72\% \text{ INFLATION} = 122024 * 5\% = 6101$   
 2009 =  $129104 (2010 \text{ EST BASE}) / 3.00\% \text{ EST. } 09 \text{ INFL} = 125343 * 5\% = 6267$   
 2010 =  $129104 (\text{BASE}) * 5\% = 6455 \text{ THRU LE AT } 3.00\%$

**UPPER**

2002 =  $106969 / 1.88\% \text{ INFLATION} = 104995 * 80\% = 83996 / 365\text{DAYS} * 213\text{DAYS} = 49017$   
 2003 =  $110456 / 3.26\% \text{ INFLATION} = 106969 * 80\% = 85575$   
 2004 =  $114234 / 3.42\% \text{ INFLATION} = 110456 * 80\% = 88365$   
 2005 =  $117135 / 2.54\% \text{ INFLATION} = 114234 * 80\% = 91387$   
 2006 =  $121915 / 4.08\% \text{ INFLATION} = 117135 * 80\% = 93708$   
 2007 =  $122024 / 0.09\% \text{ INFLATION} = 121915 * 80\% = 97532$   
 2008 =  $125343 / 2.72\% \text{ INFLATION} = 122024 * 10\% = 12202$   
 2009 =  $129104 (2010 \text{ EST BASE}) / 3.00\% \text{ EST. } 09 \text{ INFL} = 125343 * 10\% = 12534$   
 2010 =  $129104 (\text{BASE}) * 10\% = 12910 \text{ THRU LE AT } 3.00\%$

BAE TCW/JUDSON RUSS (PL) ON 07-14-2010 AT C [REDACTED]

FINANCIAL/CREDIT DAMAGE

MR. RUSS OWNS A COMPANY CALLED RAPID CASH ADVANCES. THE COMPANY IS LICENSED TO CASH CHECKS AND ACT AS A BILL PAYMENT CENTER FOR LOCAL UTILITIES, AND ALSO OFFERS PAYDAY ADVANCES. HE OPENED HIS FIRST LOCATION IN 1995 AND CURRENTLY HAS APPROXIMATELY 22 EMPLOYEES OVER 10 LOCATIONS. MR. RUSS HAD 5 LOCATIONS IN 2002 WHEN HIS PROBLEMS WITH NORTHERN LEASING BEGAN, AND AS A RESULT HE HAD TO CLOSE 2 OF HIS STORES. OVER THE COURSE OF THE LAST FOUR YEARS OR SO, HE BEGAN BUILDING HIS BUSINESS AGAIN AND OPENING MORE LOCATIONS. MR. RUSS MOSTLY OVERSEES THE OPERATIONS OF HIS STORES, AND HIS WIFE [REDACTED] SERVES AS GENERAL MANAGER. HE DOES NOT DRAW A SALARY, BUT HIS NET BUSINESS INCOME IN 2009 WAS APPROXIMATELY \$399,000 - WHICH HE DESCRIBES AS HAVING GROWN MODERATELY SINCE HE WAS IN A POSITION TO AGAIN BEGIN EXPANDING HIS BUSINESS.

IN DECEMBER OF 2000, MR. RUSS WAS GOING THROUGH A BAD DIVORCE AND TOOK EXTENDED TRIPS TO EUROPE TO CLEAR HIS MIND. HE HAD BEEN GONE FROM LATE DECEMBER 2000 UNTIL FEBRUARY 2001, AND THEN AGAIN FROM LATE FEBRUARY UNTIL JUNE 2001. IT WAS SOMETIME BETWEEN FEBRUARY AND JUNE 2001 THAT NORTHERN LEASING FRAUDULENTLY ENTERED INTO CONTRACTS WITH HIM ON HIS BEHALF. MR. RUSS CAME BACK TO THE U.S. IN JUNE 2001 JUST TO FINALIZE HIS DIVORCE AND THEN WENT BACK TO EUROPE UNTIL APRIL OF 2002. HE HAD MET A WOMAN - HIS CURRENT WIFE [REDACTED] - IN EUROPE AND STAYED WITH HER UNTIL HER VISA WAS APPROVED.

THE CONTRACTS THAT WERE ENTERED INTO WITH NORTHERN LIGHTING WERE FOR FOUR CHECK SCANNING MACHINES THAT COST APPROXIMATELY \$65 EACH PER MONTH, PLUS ADDITIONAL ONE-TIME FEES THAT MR. RUSS BELIEVES WERE APPROXIMATELY \$500. WHEN MR. RUSS RETURNED FROM EUROPE IN LATE APRIL 2002 AND BEGAN GOING OVER HIS COMPANY'S FINANCIALS MORE CLOSELY, HE NOTICED THE CHARGES FROM NORTHERN LEASING, AND BEGAN THE PROCESS OF SEVERING HIS RELATIONSHIP WITH THEM.

AT THE REQUEST OF NORTHERN LEASING, MR. RUSS PROVIDED VOLUMINOUS DOCUMENTS OF PROOF THAT HE HAD NOT AUTHORIZED ANY CONTRACTS WITH THEM - TO NO AVAIL. HE ENDED UP CLOSING HIS BUSINESS BANK ACCOUNTS, SUFFERING MUCH HARASSMENT AND INTENTIONALLY FRUITLESS BUREAUCRACY - PLUS NEGATIVE REPORTING TO THE CREDIT BUREAUS AND FOUR LAWSUITS (ONE FOR EACH CONTRACT) AGAINST HIM. AFTER YEARS OF LEGAL WRANGLING, AT APPROXIMATELY THE BEGINNING OF 2007, NORTHERN LEASING'S LAWSUIT AGAINST MR. RUSS WAS DISMISSED.

MR. RUSS CALCULATED THE AMOUNT OF MONEY DEBITED FROM HIS ACCOUNTS BY NORTHERN LEASING TO BE \$9,247. HE WAS FORCED TO MAKE AT LEAST 2 TO 3 TRIPS FROM FLORIDA TO NEW YORK FOR COURT PURPOSES, THE EXPENSES OF WHICH HE ESTIMATED TO BE OVER \$2,000. MR. RUSS FOUND HIMSELF IN FINANCIAL DISTRESS WHEN HE HAD TO CLOSE HIS BUSINESS BANK ACCOUNTS IN ORDER TO PREVENT NORTHERN LEASING FROM TAKING

PAYMENTS. HE HAD TO USE HIS AMERICAN EXPRESS BUSINESS CREDIT CARD TO PAY HIS EMPLOYEES. WHEN CHARGE OFFS APPEARED ON HIS CREDIT REPORT (APPROXIMATELY NOVEMBER OF 2002) AND HE WAS SUED, AMERICAN EXPRESS CUT HIS CREDIT LINE FROM \$60,000 TO \$10,000, WHICH WAS NOT ENOUGH TO COVER HIS PAYROLL. IN ADDITION TO HAVING TO CLOSE TWO OF HIS STORES, FOR A TIME MR. RUSS HAD TO ACTUALLY ADVANCE PAYMENTS TO HIMSELF THROUGH THE COMPANY.

IN ADDITION, MR. RUSS AND HIS WIFE BOUGHT A HOUSE IN EARLY 2003. HIS CREDIT SCORE IN MARCH OF 2001 WAS 689. HE DOES NOT KNOW WHAT HIS SCORE WAS WHEN APPLYING FOR THE MORTGAGE, BUT THE BROKER TOLD HIM OF THE PROBLEMS ON HIS REPORT AND SUGGESTED THEY TRY TO PUT THE HOUSE IN [REDACTED] NAME. SHE HAD NO CREDIT HISTORY, SO THEY WERE FORCED TO ACCEPT A WORSE INTEREST RATE. MR. RUSS DOES NOT KNOW WHAT THE RATE WAS, BUT HE WORKED HARD TO PAY HIS HOUSE OFF BEFORE HIS RATE WOULD HAVE SKYROCKETED AFTER AN INITIAL SEVEN-YEAR PERIOD.

MR. RUSS HAD AN OPPORTUNITY, WHILE HE WAS BEING SUED BY NORTHERN LEASING, TO PURCHASE THREE CHECK-CASHING LOCATIONS FROM A COMPETITOR WHO WAS LOOKING TO SELL HIS BUSINESS. THE LANDLORD WOULD NOT APPROVE THE TRANSACTIONS BECAUSE OF HIS CREDIT ISSUES, AND SO THE DEALS FELL THROUGH. MR. RUSS ESTIMATES THAT HIS GOOD STORES GENERATE APPROXIMATELY \$12,000 PER MONTH, WHILE COSTING APPROXIMATELY \$6,000 PER MONTH TO OPERATE, MAKING A PROFIT OF APPROXIMATELY \$72,000 PER YEAR. HE BELIEVES THAT TWO OF THE THREE STORES HE WOULD HAVE TAKEN OVER WOULD HAVE MADE AT LEAST \$72,000 PER YEAR IN PROFIT, AND AS MUCH AS \$100,000 OR MORE. THE THIRD LOCATION HE ESTIMATES WOULD ONLY HAVE MADE ABOUT \$25,000 PER YEAR IN PROFIT. MR. RUSS BELIEVES MISSING THESE OPPORTUNITIES WAS A MAJOR SETBACK FOR HIS BUSINESS.

IN ADDITION TO HIS EXPENSES, CREDIT DAMAGES, AND OPPORTUNITY COSTS, MR. RUSS HAS SPENT A GREAT DEAL OF HIS TIME AND ENERGY FIGHTING LAWSUITS AND ATTEMPTING TO RESTORE HIS GOOD NAME. HE HAS A FOLDER APPROXIMATELY 6 INCHES THICK OF PAPERWORK AND ESTIMATES AT LEAST 5 WEEKS OF FULL-TIME DEVOTION TO THIS MATTER.

SINCE NORTHERN LEASING'S LAWSUIT AGAINST HIM WAS DISMISSED, MR. RUSS HAS BEEN TOLD THAT HE HAS GOOD CREDIT, AND SO HE ASSUMES THAT THE NEGATIVE REPORTS HAVE BEEN REMOVED FROM HIS CREDIT REPORT. HE IS ACTIVELY PURSUING OTHER BUSINESS AND EXPANSION OPPORTUNITIES, BUT BELIEVES THAT HE WOULD BE IN A MUCH GREATER FINANCIAL POSITION IF NOT FOR NORTHERN LEASING'S PROBLEMS.

RVL

#### OCCUPATIONAL

FROM 2003 THROUGH 2006 MR. RUSS WAS VERY LIMITED, BUSINESS-WISE. HE FOUND HIMSELF IN A VERY DIFFICULT SITUATION, HAVING TO BORROW MONEY TO PAY HIS EMPLOYEES, CLOSE DOWN TWO OF HIS STORES, AND TURN DOWN BUSINESS OPPORTUNITIES THAT WOULD HAVE GENERATED

CONSIDERABLE WEALTH. MR. RUSS WOULD HAVE FELT WAY AHEAD OF THE GAME BECAUSE THE LAST SEVERAL YEARS WERE VERY GOOD FOR GROWTH IN HIS LINE OF WORK, AND INSTEAD HE WAS SLOWED DOWN.

EMOTIONAL

MR. RUSS GETS VERY ANGRY OVER HIS SITUATION EVERY TIME HE THINKS OR TALKS ABOUT IT. HE HAD BEEN REASONABLE AND VERY COOPERATIVE WHEN INITIALLY ATTEMPTING TO RECTIFY THE SITUATION WITH NORTHERN LEASING, BUT THEY HAD BEEN VERY RUDE AND HARASSING AND UNREASONABLE. IT WAS A GREAT DEAL OF STRESS AND DRAGGED OUT OVER A PERIOD OF TIME THAT WAS MUCH LONGER THAN IT OUGHT TO HAVE BEEN. MR. RUSS FELT VERY EMBARRASSED AND LIKE A SCUMBAG OVER HAVING CREDIT ISSUES. HE RUNS A PAY ADVANCE BUSINESS, AND HE COULD NOT GET HIMSELF APPROVED FOR CERTAIN LOANS - WHICH FELT VERY IRONIC TO HIM.

ALL OF THIS STRESS GREATLY AFFECTED HIS MOOD, AND MR. RUSS WOULD FIND HIMSELF TAKING HIS FRUSTRATIONS OUT ON HIS FAMILY AND EMPLOYEES, WHICH WAS NOT HELPFUL FOR ANYBODY. HE FEELS THAT HE HAS MOSTLY OVERCOME THE SITUATION WITH NORTHERN LEASING, BUT HE WILL NEVER GET OVER IT AND THE FACT THAT HIS BUSINESS WOULD BE DOING SO MUCH BETTER IF NOT FOR THEM. HE ESTIMATES HIS QUALITY OF LIFE FROM THE TIME HE DISCOVERED NORTHERN LEASING'S FRAUD UNTIL APPROXIMATELY THE END OF 2007 TO BE APPROXIMATELY 20%-30%, AND 90%-95% THEREAFTER.

**JUDSON RUSS CREDIT ACCOUNTS**

<b>Lender</b>	<b>High / Limit</b>	<b>Date Opened</b>
CITI Cards CBSDNA	\$20,000	Apr-88
Bank of America	\$5,500	Sep-97
First Union Vehicle Leasing	\$26,399	Jan-99
Bank of America	\$29,026	May-99
Chrysler Financial	\$12,171	May-00
AMSouth BKCard	\$10,000	Nov-00
Burdines/FDSB	\$1,200	Dec-00
GMAC	\$24,992	Feb-01
Northern Leasing	\$3,070	Apr-01
Northern Leasing	\$3,070	Apr-01
Northern Leasing	\$3,070	Apr-01
Northern Leasing	\$3,070	Apr-01
Retailers National Bank	\$4,000	Jan-03
ABN AMRO Mortgage	\$144,000	Jan-03
Citi Financial	\$6,500	Jan-03
CB USA Sears	\$3,100	Mar-03
Chase, NA	\$20,000	Jun-03
Discover Financial Services	\$6,000	Sep-03
<b>TOTAL</b>	<b>\$325,168</b>	



01 CN \*\* 00 JUDSON RUSS  
 01 /\* \*\* 00 TIME SPENT AND OUT OF POCKET  
 01 CC \*\* 00 01-01-2002 10-01-2010 03-26-2001 07-24-1959 10-04-2038 12-31  
 01 CC \*\* 00 WM XXXX 7 PXX O N  
 01 PJ WA 00 01-01-2002 12-31-2002 1 465 0 0.00 0.00  
 01 PJ WA 01 01-01-2003 12-31-2003 1 491 0 0.00 0.00  
 01 PJ WA 02 01-01-2004 12-31-2004 1 510 0 0.00 0.00  
 01 PJ WA 03 01-01-2005 12-31-2005 1 527 0 0.00 0.00  
 01 PJ WA 04 01-01-2006 12-31-2006 1 2550 0 0.00 0.00  
 01 IN \*\* 00 1 10-01-2010 10-04-2038 1 4.45  
 01 FM \*\* 00 0 59 N N N X X X X X X X X X X  
 01 TB WA P 01-01-2002 12-31-2006 0 0 1 1  
 01 TB SM P 01-01-2002 12-31-2006 0 0 2 1

02 CN \*\* 00 JUDSON RUSS  
 02 /\* \*\* 00 BUSINESS OPPORTUNITY  
 02 CC \*\* 00 01-01-2007 10-01-2010 03-26-2001 07-24-1959 10-04-2038 12-31  
 02 CC \*\* 00 WM XXXX 7 XXB O N  
 02 PJ WA 00 01-01-2007 12-31-2007 1 159589 0 0.00 0.00  
 02 PJ WA 01 01-01-2008 12-31-2008 1 159733 0 0.00 0.00  
 02 PJ WA 02 01-01-2009 12-31-2009 1 164078 0 0.00 0.00  
 02 PJ WA 03 01-01-2010 10-04-2038 1 169000 1 3.00 0.00  
 02 IN \*\* 00 1 10-01-2010 10-04-2038 1 4.45  
 02 FM \*\* 00 0 59 N N N X X X X X X X X X X  
 02 TB WA P 01-01-2007 09-30-2010 0 0 3 1  
 02 TB WA F 10-01-2010 10-04-2038 0 1 4 1  
 02 TB SM B 01-01-2007 10-04-2038 0 1 5 1

03 CN \*\* 00 JUDSON RUSS  
 03 /\* \*\* 00 CREDIT EXPECTANCY  
 03 CC \*\* 00 11-01-2002 10-01-2010 03-26-2001 07-24-1959 10-04-2038 12-31  
 03 CC \*\* 00 WM XXXX 7 PXX O N  
 03 PJ WA 00 11-01-2002 12-31-2002 1 6945 0 0.00 0.00  
 03 PJ WA 01 01-01-2003 12-31-2003 1 43044 0 0.00 0.00  
 03 PJ WA 02 01-01-2004 12-31-2004 1 44448 0 0.00 0.00  
 03 PJ WA 03 01-01-2005 12-31-2005 1 45968 0 0.00 0.00  
 03 PJ WA 04 01-01-2006 12-31-2006 1 47135 0 0.00 0.00  
 03 IN \*\* 00 1 10-01-2010 10-04-2038 1 4.45  
 03 FM \*\* 00 0 59 N N N X X X X X X X X X X  
 03 TB WA P 11-01-2002 12-31-2006 0 0 6 1  
 03 TB SM P 11-01-2002 12-31-2006 0 0 7 1

04 CN \*\* 00 JUDSON RUSS  
 04 /\* \*\* 00 RVL - LOWER  
 04 CC \*\* 00 06-01-2002 10-01-2010 03-26-2001 07-24-1959 10-04-2038 12-31  
 04 CC \*\* 00 WM XXXX 7 XXB O N  
 04 PJ X1 00 06-01-2002 12-31-2002 1 24508 0 0.00 0.00  
 04 PJ X1 01 01-01-2003 12-31-2003 1 42788 0 0.00 0.00  
 04 PJ X1 02 01-01-2004 12-31-2004 1 44182 0 0.00 0.00  
 04 PJ X1 03 01-01-2005 12-31-2005 1 45694 0 0.00 0.00  
 04 PJ X1 04 01-01-2006 12-31-2006 1 46854 0 0.00 0.00  
 04 PJ X1 05 01-01-2007 12-31-2007 1 48766 0 0.00 0.00  
 04 PJ X1 06 01-01-2008 12-31-2008 1 6101 0 0.00 0.00  
 04 PJ X1 07 01-01-2009 12-31-2009 1 6267 0 0.00 0.00  
 04 PJ X1 08 01-01-2010 10-04-2038 1 6455 1 3.00 0.00  
 04 IN \*\* 00 1 10-01-2010 10-04-2038 1 4.45  
 04 FM \*\* 00 0 59 N N N X X X X X X X X X  
 04 TB X1 P 06-01-2002 09-30-2010 0 0 8 1  
 04 TB X1 F 10-01-2010 10-04-2038 0 1 9 1  
 04 TB SM B 06-01-2002 10-04-2038 0 1 10 1

05 CN \*\* 00 JUDSON RUSS  
 05 /\* \*\* 00 RVL - UPPER  
 05 CC \*\* 00 06-01-2002 10-01-2010 03-26-2001 07-24-1959 10-04-2038 12-31  
 05 CC \*\* 00 WM XXXX 7 XXB O N  
 05 PJ X1 00 06-01-2002 12-31-2002 1 49017 0 0.00 0.00  
 05 PJ X1 01 01-01-2003 12-31-2003 1 85575 0 0.00 0.00  
 05 PJ X1 02 01-01-2004 12-31-2004 1 88365 0 0.00 0.00  
 05 PJ X1 03 01-01-2005 12-31-2005 1 91387 0 0.00 0.00  
 05 PJ X1 04 01-01-2006 12-31-2006 1 93708 0 0.00 0.00  
 05 PJ X1 05 01-01-2007 12-31-2007 1 97532 0 0.00 0.00  
 05 PJ X1 06 01-01-2008 12-31-2008 1 12202 0 0.00 0.00  
 05 PJ X1 07 01-01-2009 12-31-2009 1 12534 0 0.00 0.00  
 05 PJ X1 08 01-01-2010 10-04-2038 1 12910 1 3.00 0.00  
 05 IN \*\* 00 1 10-01-2010 10-04-2038 1 4.45  
 05 FM \*\* 00 0 59 N N N X X X X X X X X X  
 05 TB X1 P 06-01-2002 09-30-2010 0 0 11 1  
 05 TB X1 F 10-01-2010 10-04-2038 0 1 12 1  
 05 TB SM B 06-01-2002 10-04-2038 0 1 13 1